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Agricultural Situation

Agriculture Prominent in New Russian Government 2008

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Report Highlights:

The overall agricultural and food portfolio is held by one of two first deputy prime ministers in Prime Minister Vladimir Putin's new government, and the Ministry of Agriculture has been accorded broader authorities: ability to override decisions of the veterinary and plant quarantine service, acquisition of the forestry agency and reacquisition of fisheries; certain land tenure authorities; and authority to draft trade-related decrees. Minister of Agriculture Aleksey Gordeyev was reappointed to the post he has held since 1999, but former Prime Minister Viktor Zubkov was appointed First Deputy Prime Minister for the Agroindustrial Complex.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
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[RS]

Executive Summary

The overall agricultural and food portfolio in Prime Minister Vladimir Putin's new Russian government is held by one of two first deputy prime ministers, Viktor Zubkov, who immediately prior to this was Prime Minister. The Ministry of Agriculture has been accorded broader authorities, including ability to override decisions of the veterinary and plant quarantine service, acquisition of the forestry agency and reacquisition of fisheries; broader responsibility for agricultural land issues; and authority to draft trade-related decrees.

Minister of Agriculture Aleksey Gordeyev was reappointed to the post he has held since 1999. The internal structure of the Ministry of Agriculture will be subject to modification through subsequent decrees of the new Prime Minister, which will likely be forthcoming in approximately a month.

Structure of the Ministry of Agriculture

By Decree No. 724 signed by President Dmitriy Medvedev May 12, 2008, the Russian Federation Government was reorganized. The 15-page document transfers to the Ministry of Agriculture the following authorities:

- Development and implementation of government policy and regulations related to agricultural land, government monitoring of such lands;
- Development and implementation of government policy and regulation related to marine fisheries, fish processing vessels, protection, study, reproduction, and rational use of marine biological resources and protection of their habitats; and
- Preparation of draft decisions of the Russian Federation government on tariff and non-tariff regulation of agricultural and fish products.

The Ministry of Agriculture absorbed the following structures:

- A newly formed Agency for Fisheries, created out of the State Fisheries Committee; and
- The Agency for Forestry, transferred from the Ministry of Natural Resources.¹

The Federal Service for Veterinary and Phytosanitary Surveillance (VPSS, also known by its Russian abbreviation *Rosselkhoz nadzor*) remains under the Ministry of Agriculture. Additional language in the decree makes clear that these two agencies and VPSS are subject to greater ministerial oversight than had previously been the case. In a paragraph referring to all federal agencies and services, specifically paragraph 15, the decree states:

15. Establish that the federal ministers have the right:

to give heads of federal services and federal agencies, subordinate to corresponding federal ministries, mandatory executive directives;

¹ Prior to April 2004, fisheries were under the aegis of the State Fisheries Committee, chairman of which was subordinate to the Prime Minister. From April 2004 to November 2007, a Federal Agency for Fisheries existed as part of the Ministry of Agriculture. The State Committee for Fisheries was re-established November 1, 2007, by decree.

to halt when necessary decisions of these federal services and federal agencies (their heads) or to rescind these decisions, if no other means of annulling them has been established by federal law.

Until such time as a further decree reorganizing the ministry itself is issued, perhaps in a month or so, the internal structure of the Ministry of Agriculture will remain as it was. Assisting the Minister of Agriculture are five deputy ministers, one of whom is also the ministerial state secretary (i.e., the deputy minister responsible for legislative affairs):

Aleksandr Kozlov

Andrey Slepnev (national program of agricultural development)

Vladimir Izmaylov (fisheries)

Aleksandr Petrikov (economics and legislative affairs)

Aleksey Savinov (production agriculture)

They and Minister Gordeyev in turn oversee 16 departments and their chiefs, as follows:

Management and Civil Service (Anatoliy Venedyukhin)

General Counsel (Maksim Uvaydov)

Administration and Regional Collaboration (Aleksandr Pesov)

International Cooperation (Andrey Vershinin)

Economic Programs and Analysis (Lyudmila Kosholkina)

Finance and Accounting (Yelena Fastova)

Land Policy, Property Relations and State Property (Petr Yefanov)

Agricultural and Food Market Regulation (Sergey Sukhov)

Science and Technology Policy and Education (Leonid Orsik)

Land Reclamation (Georgiy Gulyuk)

Food Manufacturing and Processing and Product Quality (Vladimir Kayshev)

Rural Development and Social Policy (Dmitriy Toropov)

Veterinary Medicine (Ivan Rozhdestvenskiy)

Livestock and Breeding (Vasiliy Shapochkin)

Crops, Chemicals and Plant Protection (Petr Chekmarev)

Hunting (Vladimir Mel'nikov)

Short work histories in Russian and photographs of the above-named individuals are posted on the Ministry of Agriculture's official website at http://mcx.ru/index.html?he_id=338

First Deputy Prime Minister for the Agroindustrial Complex

Former Prime Minister Viktor Zubkov was named as one of two first deputy prime ministers, and specifically with responsibility for agriculture, agribusiness, and affiliated industries. In his first address to the new cabinet on May 12, Prime Minister Putin charged Zubkov with

implementation of the national projects for agriculture, development and implementation of government fisheries policy and development of the forestry and agroindustrial complex. To him are transferred a series of commissions in [this] sphere of activity.

The "series of commissions" includes the Commission on Protective Measures in Foreign Trade and Customs Tariff Policy and Anti-Dumping Policy, according to the Russian Prime Ministry's website.

DPM Zubkov's work history and photograph are posted to the Prime Ministry's official website at

<http://www.government.ru/content/rfgovernment/rfgovernmentvicechairman/6600764.htm>

A fuller but unofficial biography is posted by the Internet news outlet Lenta.ru at

<http://www.lenta.ru/lib/14174946/full.htm>

Viktor Zubkov was born September 15, 1941, in Arbat village of Sverdlovsk Oblast, whither his family had been evacuated following the outbreak of World War II. From 1958 to 1960 he was an apprentice metal worker, and thereafter a third-class metal worker, at the Monchegorskiy Repair Works in Murmansk Oblast, followed by a stint as a metal worker at the nearby Nittis-Kumuzh'ye Ore Mine, where his father worked. On recommendation of his supervisor, he was sent for higher education. In 1965 he was graduated in economics from the Leningrad Agricultural Institute. From 1965 to 1967 he performed mandatory military service.

From 1967 to 1985 Zubkov worked in agriculture, first as a department head, next as deputy director of two state farms in Leningrad Oblast ("Krasnaya Slavyanka" and "Razdol'ye"), then as general director of the Pervomayskoye State Farm Conglomerate. In this last job he was acquainted with Deputy Minister of Agriculture Aleksey Savinov, who was hired as chief economist of Pervomayskoye in 1985.

From 1985 to 1991 Zubkov was first secretary of the municipal committee of the town of Priozersk in Leningrad Oblast, then was head of the agriculture, food industry and agrarian department of the Leningrad Oblast executive committee as well as the committee's first deputy chairman. In 1992 he was named deputy head of the Foreign Affairs Committee of the St. Petersburg Mayor's Office, where his immediate supervisor was Vladimir Putin.

In 1993 Zubkov became deputy head of the Federal Tax Service and head of the St. Petersburg Tax Inspectorate. In 1999 he became Deputy Minister of Finance for taxes and revenues, and concurrently was head of the tax and revenue directorate in St. Petersburg. In 2001 he became First Deputy Minister of Finance, and in 2004 head of the Federal Service for Financial Monitoring. In September 2007 he was appointed Prime Minister, a post he held until Putin's appointment to that position.

Analysis

The other first deputy prime minister, Igor Shuvalov, is responsible for foreign relations, foreign trade, technical regulation, Russia's negotiations over accession to the World Trade Organization, small business development, state property management, and overall tariff policy, among other duties. When DPM Shuvalov's responsibilities are put side by side with DPM Zubkov's responsibilities, particularly the latter's chairmanship of the Commission on Protective Measures in Foreign Trade and Customs Tariff Policy and Anti-Dumping Policy, it becomes clear that conflicts will certainly arise between the "economic bloc" led by DPM Shuvalov and the "agrarian bloc" led by DPM Zubkov. These conflicts will necessarily have to be arbitrated by the Prime Minister.

Given DPM Zubkov's 18 years of experience in farm management, and knowing of his interest in production agriculture, it is widely presumed that he will take a protectionist policy stance. In any event, the very fact that the agricultural portfolio is now headed by one of the cabinet's three most senior officials highlights the degree to which agriculture and agribusiness are no longer discounted as a "black hole."

At the ministerial level, some of the changes are quite significant. The Ministry of Agriculture's assumption of responsibility for agricultural land policy was preceded by creation of the Department of Land Policy, Property Relations and State Property. Though officially 90 percent of agricultural land is privately owned, the vast bulk of it has not been

surveyed or registered due to shortages of surveyors and appraisers and serious problems with official corruption. This legacy of communism coupled with inadequate titling infrastructure makes land transfer (either through sale or inheritance) and mortgaging expensive, time consuming and at times simply impossible. It also creates great opportunities for criminal elements to seize assets on the basis of murky land ownership documents. Until now, dealing with these issues has been the province of several different ministries and agencies, with the result that none took responsibility for them. Minister Gordeyev appears finally to have extended his span of control to encompass agricultural land, and may thus be poised to lay the issue of agricultural land tenure to rest once and for all.

Second, the failed effort to attach largely autonomous services and agencies to ministries in the April 2004 administrative reform has now been modified to bring those services and agencies under tighter control. Previously, these myriad "organs of executive power" functioned largely independently of the political control of their respective ministers, and were subject in practical terms only to authority of either the Prime Ministry (Russian White House) or the Presidential Administration (Kremlin). The wording of paragraph 15 of this decree makes it clear that Minister Gordeyev now enjoys authority to direct and countermand actions of VPSS, the Forestry Agency, and the Fisheries Agency.

Third, and perhaps most significant from a trade point of view, the Ministry of Agriculture now enjoys authority to "draft decisions of the Russian Federation government on tariff and non-tariff regulation of agricultural and fish products." Previously, this authority was reserved for the Ministry of Economic Development and Trade. Since the Ministry of Agriculture has gone to great lengths to include commodity associations in its policymaking, the impact of this shift will be profound, and will assuredly lead to a more protectionist bent in drafts of agricultural trade policy decision documents.

Finally, shift of the Agency for Forestry to the Ministry of Agriculture signals an expansion of that ministry's responsibilities, and is linked both to a change in perspective (forest resources are increasingly viewed as a harvestable biological product, like other agricultural products, and unlike minerals) and recognition that Russia's greatest source of biofuel is its forests, not its fields of grain and oilseeds.

Other Relevant Reports

RS8023 Agricultural Situation / Ministry of Agriculture Board Discusses the Past, Present, and Future <http://www.fas.usda.gov/gainfiles/200803/146294111.pdf>

RS8004 Agricultural Situation / Deputy Prime Minister Addresses Agricultural Policy <http://www.fas.usda.gov/gainfiles/200801/146293532.pdf>

RS7051 Agricultural Situation / Government Program for Agriculture and for Market Regulation 2008-2012 <http://www.fas.usda.gov/gainfiles/200707/146291764.pdf>

RS7005 Agricultural Situation / Federal Law "On Development of Agriculture" <http://www.fas.usda.gov/gainfiles/200701/146279991.pdf>

RS6034 Agricultural Situation / Ministry of Agriculture Authorities Redefined <http://www.fas.usda.gov/gainfiles/200606/146197967.pdf>

RS5086 Agricultural Situation / Agriculture as a "National Priority Project" <http://www.fas.usda.gov/gainfiles/200512/146166439.pdf>

RS5029 Agricultural Situation / Leaders Discuss Status and Strategy
<http://www.fas.usda.gov/gainfiles/200504/146119410.pdf>